



BellSouth Telecommunications, Inc.

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October 8, 2001

VIA HAND DELIVERY

Mr. David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

Re: *Second Complaint of Discount Communications, Inc. Against BellSouth Telecommunications, Inc.*
Docket No. 00-01151

Dear Mr. Waddell:

Enclosed please find the original and thirteen copies of BellSouth Telecommunications, Inc.'s Reply to Discount Communications' Response to Motion to Require Turnover of Funds. Copies are being provided to counsel of record.

Cordially,



Joelle Phillips

JP/jej

Enclosure

BEFORE THE TENNESSEE REGULATORY AUTHORITY
Nashville, Tennessee

In Re: *Second Complaint of Discount Communications Against BellSouth Telecommunications, Inc.*

Docket No. 00-01151

BELLSOUTH TELECOMMUNICATIONS, INC.'S
REPLY TO DISCOUNT COMMUNICATIONS'
RESPONSE TO MOTION TO REQUIRE TURNOVER OF FUNDS

BellSouth Telecommunications, Inc. ("BellSouth") submits the following reply to the response of Discount Communications ("Discount") filed on October 2, 2001.

Discount's response contains two statements, which BellSouth wishes to correct. First, Discount contends that the escrow arrangement was solely by agreement and was never ordered by the Tennessee Regulatory Authority ("TRA"). However, at the January 31, 2001 status conference, the Hearing Officer stated the following:

Hearing Officer: As to the escrow, it's my understanding that the federal bankruptcy court order being in effect tomorrow would end the escrow agreement. That is one reason why we held the status conference today. I'm going to rule that the escrow agreement should remain in place -- I should rephrase that -
- an escrow agreement should be drawn up between the parties. It can be the same format as the escrow agreement that was used in the first Discount Complaint. The escrow amount per day -- and that would be seven days a week -- I find, should be \$2800.

See Transcript at 47.

While the Hearing Officer ruled that the escrow arrangement should mirror that which was already in place for purposes of the bankruptcy case, the Hearing Officer ruled on the matter and imposed the requirement to pay \$2800 per day. BellSouth had requested that the Hearing Officer order a higher payment. Clearly, the Hearing Officer ruled that the payments must be

made, as well as the amount. Discount, in contravention of that order, refused to pay and now suggests that no ruling was ever made requiring them to pay, but that, instead, the parties were merely operating under the terms of an agreement. That is simply inconsistent with the record.

Second, Discount contends in footnote 2 of its Response that the President of Discount, Mr. Mills, made certain offers of partial payment to BellSouth. As BellSouth noted both at the hearing and at the recent Agenda Conference, BellSouth refutes that any specific offer to tender partial payment was ever made. Moreover, Mr. Mills declined to offer any testimony in this docket under oath, and, consequently, BellSouth has not been provided an opportunity to cross examine Mr. Mills. Consequently, BellSouth respectfully submits that this reference to Mr. Mills' unsworn comments should be afforded little, if any, weight.

Respectfully submitted,

BELLSOUTH TELECOMMUNICATIONS, INC.

By: 

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CERTIFICATE OF SERVICE

I hereby certify that on October 8, 2001, a copy of the foregoing document was served on the parties of record, via the method indicated:

- ☐ Hand
- ☐ Mail
- ☒ Facsimile
- ☐ Overnight

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- ☐ Hand
- ☐ Mail
- ☒ Facsimile
- ☐ Overnight

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A handwritten signature in cursive script, appearing to read "John P. Pielger", is written over a horizontal line.